



December 10, 2014

Robert Boehmer, President
East Georgia State College
131 College Circle
Swainsboro, GA 30401-2699

UPS Tracking Number:
1ZA879640295529888

RE: **Final Program Review Determination**
OPE ID: 01099700
PRCN: 201430428671

Dear President Boehmer:

The U.S. Department of Education's (Department's) School Participation Division – Atlanta issued a program review report on September 8, 2014 covering East Georgia State College's (EGSC) administration of programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 *et seq.* (Title IV, HEA programs), for the 2014 and 2015 award years. The institution's final response was received on December 8, 2014.

The School Participation Division - Atlanta has reviewed EGSC's responses to the Program Review Report. A copy of the program review report (and related attachments) and EGSC's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by EGSC upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

EGSC's responses have resolved all findings. In addition EGSC has provided assurances that the appropriate corrective actions have been taken to resolve and prevent future occurrences of all findings. Therefore, EGSC may consider the program review closed with no further action required.

Program records relating to the period covered by this program review must be retained until the later of: the resolution of the loan(s), claim(s) or expenditure(s) questioned in the program review [34 C.F.R. § 668.24(e)(3)(i)] or the end of the retention period applicable to the record [34 C.F.R. § 668.24(e)(1) and (e)(2)].

Federal Student Aid

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East Georgia State College

OPE ID: 01099700

PRCN: 201430428671

Page 2 of 2

If you have any questions please call Robert Scott at (404) 974-9300.

Sincerely,

(b)(6)

Chris Miller
Division Director

Enclosure: Program Review Report (with attachments)
EGSC Response to the Program Review Report

cc: Karen S. Jones, Financial Aid Administrator
GA University System
Southern Association of Colleges and Schools Commission on Colleges (SACSCC)
Department of Defense
Department of Veterans Affairs
Consumer Financial Protection Bureau



FILE COPY

September 8, 2014

Robert Boehmer, President
East Georgia State College
131 College Circle
Swainsboro, GA 30401-2699

UPS Tracking Number:

1ZA879640296027356

RE: **Program Review Report**
OPE ID: 01099700
PRCN: 201430428671

Dear President Boehmer:

From April 28, 2014 through May 2, 2014, Robert Scott and Meg McGinness conducted a review of East Georgia State College's (EGSC) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The findings of that review are presented in the enclosed report.

Findings of noncompliance are referenced to the applicable statutes and regulations and specify the action required to comply with the statute and regulations. Please review the report and respond to each finding, indicating the corrective actions taken by EGSC. The response should include a brief, written narrative for each finding that clearly states EGSC's position regarding the finding and the corrective action taken to resolve the finding. Separate from the written narrative, EGSC must provide supporting documentation as required in each finding.

Please note that pursuant to HEA section 498A(b), the Department is required to:

- (1) provide to the institution an adequate opportunity to review and respond to any preliminary program review report¹ and relevant materials related to the report before any final program review report is issued;
- (2) review and take into consideration an institution's response in any final program review report or audit determination, and include in the report or determination –
 - a. A written statement addressing the institution's response;
 - b. A written statement of the basis for such report or determination; and
 - c. A copy of the institution's response.

¹ A "preliminary" program review report is the program review report. The Department's final program review report is the Final Program Review Determination (FPRD).

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The Department considers the institution's response to be the written narrative (to include e-mail communication). Any supporting documentation submitted with the institution's written response will not be attached to the FPRD. However, it will be retained and available for inspection by EGSC upon request. Copies of the program review report, the institution's response, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after the FPRD is issued.

The institution's response should be sent directly to Robert Scott of this office within 60 calendar days of receipt of this letter.


Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. To protect PII, the findings in the attached report do not contain any student PII. Instead, each finding references students only by a student number created by Federal Student Aid. The student numbers were assigned in Appendix A, Student Sample.

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 668.24(e).

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above Program Review Control Number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact Robert Scott at (404) 974-9300 or Robert.L.Scott@ed.gov.

Sincerely, 

(b)(6)

David Smittick
Compliance Manager

cc: Karen Jones, Financial Aid Administrator

Enclosure:
Program Review Report (and appendices)
Protection of Personally Identifiable Information

Prepared for
East Georgia State College

Federal Student Aid
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

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OPE ID 01099700
PRCN 201430428671

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division-Atlanta

Program Review Report

September 8, 2014

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A. Institutional Information

East Georgia State College
131 College Circle
Swainsboro, GA 30401-2699

Type: Public

Highest Level of Offering: Bachelor's Degree

Accrediting Agency: Southern Association of Colleges and Schools Commission on Colleges

Current Student Enrollment: 3208 (2014)

% of Students Receiving Title IV: 85% (2014)

Title IV Participation (PC Net):

2013

Federal Pell Grant Program (PELL)	\$8,980,115.00
Federal Supplemental Educational Opportunity Grant (FSEOG)	\$ 82,021.00
Federal Work Study (FWS)	\$ 80,904.00
Federal Direct Loan Program (Subsidized)	\$6,090,023.00
Federal Direct Loan Program (Unsubsidized)	\$5,685,434.00
Federal Direct Loan Program Parent Loan (PLUS)	\$ 217,782.00

Default Rate FFEL/DL:	2011 15.0%
	2010 18.3%
	2009 18.1%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at East Georgia State College (EGSC) from April 28, 2014 to May 2, 2014. The review was conducted by Robert Scott and Meg McGinness.

The focus of the review was Return to Title IV (R2T4). The review consisted of an examination of EGSC's student files and R2T4 calculations.

A sample of 30 files was identified for review from the 2013 and 2014 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning EGSC's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve EGSC of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by EGSC to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding 1: Satisfactory Academic Progress (SAP) Policy & Procedures not Adequately Monitored

Citation: 34 C.F.R. § 668.34 states, an institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the Title IV, HEA programs. The Secretary considers the institution's policy to be reasonable if—

The policy is at least as strict as the policy the institution applies to a student who is not receiving assistance under the Title IV, HEA programs;

The policy provides for consistent application of standards to all students within categories of students, *e.g.*, full-time, part-time, undergraduate, and graduate students, and educational programs established by the institution;

The policy provides that a student's academic progress is evaluated if the institution has established —

- (i) A qualitative component which consists of grades (provided that the standards meet or exceed the requirements of §668.34), work projects completed, or comparable factors that are measurable against a norm.
- (ii) A quantitative component that consists of a maximum timeframe in which a student must complete his or her educational program. The timeframe must—
 - For an undergraduate program, be no longer than 150 percent of the published length of the educational program measured in academic years, terms, credit hours attempted, clock hours completed, etc. as appropriate;
 - Be divided into increments, not to exceed the lesser of one academic year or one-half the published length of the educational program;
 - Include a schedule established by the institution designating the minimum percentage or amount of work that a student must successfully complete at the end of each increment to complete his or her educational program within the maximum timeframe; and
 - Include specific policies defining the effect of course incompletes, withdrawals, repetitions, and noncredit remedial courses on satisfactory progress;

An institution's SAP policy must contain appeals procedures through which a student may appeal a determination that he or she is not meeting SAP standards. A school may permit appeals of adverse determinations for mitigating circumstances. If so, the written SAP policy must explain mitigating circumstances and appeals procedures. When an institution approves an appeal for mitigating circumstances it suspends SAP standards for that student. You are not eliminating or disregarding one or more grades credits attempted in the calculation of a student's SAP. The student's permanent academic record is not modified. So, when you grant an appeal, you are acknowledging that, because of the documented unusual circumstance, the student continues to be eligible even though he or she falls below the school's SAP standard. An institutions SAP policy must also have a written procedure that contains specific procedures through which a student can reestablish SAP.

Pursuant to 34 C.F.R. § 668.32, of the General Provisions regulations, a student must maintain satisfactory progress in his or her course of study according to the institution's published standards of satisfactory academic progress that satisfy the provisions of Section

668.16(e). Federal regulations require an institution to consistently apply its SAP standards to all students within categories of students (i.e., full-time, part-time, undergraduate and graduate students, and educational programs established by the institution). The school must determine, prior to disbursing Title IV funds, if a student is meeting satisfactory progress standards.

Noncompliance: EGSC is not following and/or monitoring SAP adequately in relation to student notification of academic probation and school suspension according to their institutional policies and procedures.

The reviewers found that students who should be placed on academic probation or school suspension are being notified at the end of the semester after the action should have taken place, if they are being notified at all. Additionally, multiple students received Title IV funds even though they should have been suspended.

Student #12: SAP warning notice is dated May 15, 2013 and is for Spring semester 2013. Student ceased making SAP at the end of Spring semester 2012 and should have been suspended at the end of Fall semester 2012. Additionally, after the student should have been suspended, aid was disbursed to the student for Spring semester 2013.

Student #15: No SAP warning notice or suspension notice in student file. Student should have been on SAP warning as of the end of Fall semester 2012 and suspension as of the end of Spring semester 2013.

Student #16: No SAP warning notice, suspension notice or student appeal information in the student's file. Student should have been notified of SAP warning at end of Fall semester 2012 and put on suspension at the end of Spring semester 2013. Additionally, after student should have been suspended, aid was disbursed to student for Fall semester 2013.

Student #21: No SAP warning notice in the student's file. Student transferred from Valdosta State University with low GPA and should have been on SAP warning as of the end of Fall semester 2013.

Student #25: SAP warning notice was sent to student April 30, 2014. Student should have been notified of SAP warning at the end of Fall 2013 as she ceased making SAP at the end of the semester.

Student #26: No SAP warning notice, initial suspension notice or approval of academic appeal in student file. Student should have been on SAP warning as of the end of Fall semester 2012 and suspension as of the end of Spring semester 2013. SAP suspension letter in the student's file dated December 18, 2013, which is after the appeal was approved for initial suspension and additional Title IV funds disbursed.

Student #28: SAP warning notice was sent to student April 30, 2014. Student should have been notified of SAP warning at the end of Spring semester 2013 as he ceased making SAP at the end of the semester.

Student #29: SAP warning notice is dated April 30, 2014 and is for Fall semester 2013. The notice is correct but was sent late.

Student #30: No SAP warning notice or suspension notice in student file. Student should have been on SAP warning as of the end of Spring semester 2013 and suspension as of the end of Fall semester 2013.

Required Action: EGSC must follow and/or monitor SAP adequately according to their institutional SAP policies and procedures.

In addition, EGSC must provide copies of their SAP policy and procedure revisions and corrective action measures taken to ensure students SAP is being monitored with their response to this report. The institution's response must also provide a description of the steps that will be taken to prevent a repeat of this finding in the future.

Furthermore, EGSC must review SAP for all Title IV recipients who did not meet SAP and/or were suspended for the 2012-2013 and 2013-2014 award years. The results of this review must be provided in Excel or a similar spreadsheet format (separated by award year) and contain the following fields:

1. Student's Name
2. Student's SSN
3. Program of Study
4. SAP Notices Sent
5. SAP Notices Sent Timely
6. Ineligible Title IV Aid Determined by Program, Date & Award Year

In lieu of performing a file review for the entire population of Title IV recipients for the last two award years, EGSC has the option of performing this file review for only the remainder of the statistical sample not identified by the Department in the Program Review Report (includes remainder of sample). The results from this file review using the statistical sample will be used to project liabilities for the entire population (i.e., the average liability for the recipients in the statistical sample will be multiplied by the entire population). This option is intended to reduce the burden on the institution of conducting a full file review.

If EGSC wishes to select this option, the Department will forward statistical sample listings for the aforementioned award years. In addition, EGSC must review the students from the original sample that were not included in this Program Review Report.

If EGSC elects to do the full file review, it is recommended that EGSC first review the remainder of students in the statistical sample. At that point, EGSC may decide to accept a liability projection instead of continuing with a full file review.

Please send the file review summary reports (spreadsheets) to Robert Scott by email at Robert.L.Scott@ed.gov. See the enclosure – protection of Personally Identifiable Information (PII) for instructions regarding electronic submissions to the Department for data containing PII. Please present a separate email with an access password to Robert Scott.

Any liabilities for this finding will be addressed in the Final Program Review Determination (FPRD) letter.

Finding #2. Return of Title IV (R2T4) Incorrect/Performed Late

Citation: 34 C.F.R. § 668.22, General Provisions, states when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date in accordance with paragraph (e) of 668.22.

Furthermore, it also states that the amount of Title IV aid that is earned by a student is calculated by determining the percentage that is equal to the payment period of enrollment that the student completed as of the student's withdrawal date. The school must calculate Return to Title IV refunds pursuant to 34 C.F.R. § 668.22 and retain a copy of the documentation in each student's file.

Financial responsibility regulation 34 C.F.R. § 668.171, General Provisions, states that making refunds to students as prescribed in regulation 34 C.F.R. § 668.22 is one of the standards the Secretary uses in determining whether an institution is financially responsible.

Noncompliance: The reviewers found that all R2T4 calculations completed for the sample students were incorrect. It was discovered that the calculations were completed using the wrong number of days for the semester in which the calculations were to be completed. EGSC had confusion regarding days to be counted involving class breaks (Thanksgiving and Spring Break). EGSC was not initially counting the weekend dates prior to and after the breaks.

The refunds fell into two categories, those where the student was beyond the 60% mark which resulted in no change and those where a refund was actually due. In all instances where a refund was due, EGSC overpaid the amount due to the Department. Additionally, an instance was found where the refund was completed but it was completed late. Refunds that were over the 60% mark are not listed.

Student #1: The R2T4 calculation was not correct based number of days used in calculation. The semester has 101 days and the school used 102 days. The school overpaid the Department by \$1.36.

Student #6: The R2T4 calculation was not correct based number of days used in calculation. The semester has 101 days and the school used 102 days. The school overpaid the Department by \$6.68.

Student #9: The initial calculation was done timely on 9/25/2012 but the school realized a mistake was present and recalculated the correct refund on 9/8/2013. No additional action is needed.

Student #10: The initial calculation was done timely on 02/26/2013 but the school realized a mistake was present and recalculated the correct refund on 10/14/2013. No additional action is needed.

Student #11: The initial calculation was done timely on 9/26/2012 but the school realized a mistake was present and recalculated the correct refund on 9/8/2013. No additional action is needed.

Student #12: The initial calculation was done timely on 04/08/2013 but the school realized a mistake was present and recalculated the correct refund on 04/27/2014. No additional action is needed.

Student #13: The initial calculation was done timely on 02/12/2013 but the school realized a mistake was present and recalculated the correct refund on 04/27/2014. No additional action is needed.

Student #15: The initial calculation was done timely on 03/07/2013 but the school realized a mistake was present and recalculated the correct refund on 10/14/2013. No additional action is needed.

Student #17: The calculation was completed late. The R2T4 calculation is not correct based number of days used in calculation. The semester has 101 days and the school used 102 days. The school overpaid the Department by \$5.15. The student notified the school of her wish to withdraw via email confirmation on 10/4/2013 but the calculation was not completed until November 21, 2013. No additional action is needed.

Student #18: The R2T4 calculation was not correct based number of days used in calculation. The semester has 101 days and the school used 102 days. The school overpaid the Department by \$5.34.

Student #19: The R2T4 calculation was not correct based number of days used in calculation. The semester has 101 days and the school used 102 days. The school overpaid the Department by \$6.29.

Student #20: The R2T4 calculation was not correct based number of days used in calculation. The semester has 101 days and the school used 102 days. The school overpaid the Department by \$6.64.

Student #23: The R2T4 calculation was not correct based number of days used in calculation. The semester has 101 days and the school used 102 days. The school overpaid the Department by \$3.41.

Student #24: The R2T4 calculation was not correct based number of days used in calculation. The semester has 101 days and the school used 102 days. The school overpaid the Department by \$8.61.

Student #25: The R2T4 calculation was not correct based number of days used in calculation. The semester has 101 days and the school used 102 days. The school overpaid the Department by \$9.49.

Student #27: The R2T4 calculation was not correct based number of days used in calculation. The semester has 101 days and the school used 102 days. The school overpaid the Department by \$7.62.

Student #29: The R2T4 calculation was not correct based number of days used in calculation. The semester has 101 days and the school used 102 days. The school overpaid the Department by \$9.00.

Student #30: The R2T4 calculation was not correct based number of days used in calculation. The semester has 101 days and the school used 102 days. The school overpaid the Department by \$9.94.

Required Action: The amount of Title IV grant or loan assistance that is earned by the student is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student. Applying this percentage to the total amount of Title IV grant or loan assistance that was disbursed (and that could have been disbursed) to the student, or on the student's behalf, for the payment period or period of enrollment as of the student's withdrawal date.

Because EGSC overpaid funds to the Department, no file review is required. However, the institution must update its procedures to ensure that these errors do not happen again in the future. A copy of the institution's revised policies and procedures for R2T4 should also be included with the institution's response to this report.

Finding #3. Entrance and Exit Counseling Not Documented

Citation: 34 C.F.R. § 685.304, Entrance counseling, states that a school must ensure that entrance counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan student borrower prior to making the first disbursement of the proceeds of a loan to a student borrower unless the student borrower has received a prior Direct Subsidized Loan, Direct Unsubsidized Loan, Subsidized or Unsubsidized Federal Stafford Loan, or Federal SLS Loan.

Entrance counseling for Direct Subsidized Loan, Direct Unsubsidized Loan, and graduate or professional student Direct PLUS Loan borrowers must provide the borrower with comprehensive information on the terms and conditions of the loan and on the responsibilities of the borrower with respect to the loan. This information may be provided to the borrower—

- (i) During an entrance counseling session, conducted in person;
- (ii) On a separate written form provided to the borrower that the borrower signs and returns to the school; or
- (iii) Online or by interactive electronic means, with the borrower acknowledging receipt of the information.

34 C.F.R. § 685.304, Exit counseling, states that a school must ensure that exit counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan borrower and graduate or professional student Direct PLUS Loan borrower shortly before the student borrower ceases at least half-time study at the school.

The exit counseling must be in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must ensure that an individual with expertise in the title IV programs is reasonably available shortly after the counseling to answer the student borrower's questions. As an alternative, in the case of a student borrower enrolled in a correspondence program or a study-abroad program approved for credit at the home institution, the student borrower may be provided with written counseling materials within 30 days after the student borrower completes the program.

If a student borrower withdraws from school without the school's prior knowledge or fails to complete the exit counseling as required, exit counseling must, within 30 days after the school learns that the student borrower has withdrawn from school or failed to complete the exit counseling as required, be provided either through interactive electronic means, by mailing written counseling materials to the student borrower at the student borrower's last known address, or by sending written counseling materials to an email address provided by the student borrower that is not an email address associated with the school sending the counseling materials.

Noncompliance: The reviewers found instances where students were not counseled regarding loans.

Student #2: Entrance counseling for student not in file.
Student #4: Exit counseling documentation not in student file.
Student #5: Exit counseling documentation not in student file.
Student #8: Exit counseling documentation not in student file.
Student #10: Exit counseling documentation not in student file.
Student #11: Exit counseling documentation not in student file.
Student #15: Exit counseling documentation not in student file.
Student #16: Exit counseling documentation not in student file.
Student #20: Exit counseling documentation not in student file.
Student #21: Exit counseling documentation not in student file.
Student #24: Exit counseling documentation not in student file.
Student #25: Exit counseling documentation not in student file.
Student #26: Exit counseling documentation not in student file.
Student #27: Exit counseling documentation not in student file.

Required Action: The exit counseling must be in person, by audiovisual presentation, or by interactive means. In each case, the school must ensure that an individual with expertise in the Title IV programs is reasonably available shortly after the counseling to answer the student borrower's questions.

In response to this finding, the institution must provide assurances that exit counseling interviews will be conducted with each student borrower in accordance with the regulatory requirements, and the borrowers' records contain adequate documentation to support appropriate counseling was provided. The institution must mail exit counseling materials to all students who have not satisfactorily completed exit counseling. The institution must also institute procedures to ensure all Title IV borrowers receive counseling. A copy of the procedures must be submitted with the institution's response to this finding.

Finding 4: All Aid Not On Award Letter

Citation: 34 C.F.R. § 685.301(a)(7) indicates, an institution may certify/originate a loan for an amount less than the borrower's maximum eligibility. However, the institution must ensure that these decisions are made on a case-by-case basis, and do not constitute a pattern or practice that denies access to borrowers because of race, sex, color, income, religion, national origin, age, handicapped status or selection of a particular lender or guarantor. In addition, an institution cannot engage in a practice of certifying Direct Loans only in the amount needed to cover the school charges or to limit unsubsidized Direct Loan borrowing by independent students. When the decision is made not to certify/originate a loan or to reduce the amount of the loan, the institution must document the reasons and provide the explanation to the student in writing.

The Free Application for Federal Student Aid (FAFSA) is the only form that a student is required to complete to be considered for student assistance from any of the Title IV, HEA programs. No additional application or other request for information can be required by an institution in support of the student's request for Title IV, HEA program assistance, except for information needed to ensure the student's eligibility for such assistance (e.g., information needed to complete verification or to demonstrate compliance with the student eligibility provisions of the HEA and the regulations).

The cost of attendance (COA) is the cornerstone of establishing a student's financial need, as it sets a limit on the total aid that a student may receive. The COA is determined by law (HEA, 20 U.S.C. § 1087kk.) The law specifies the type of costs that are included in the COA, but an institution must determine the appropriate amount to include for each category of students. Schools have the authority to adjust the COA on a case-by-case basis to allow for special circumstances. Such adjustments must be documented in the student's file.

While institutions and states may require other applications or additional information for the administration of their non-Title IV programs, they cannot require such information for the determination of a student's eligibility for Title IV, HEA student assistance. Thus, it must be clear in all of an institution's printed and electronic materials that no other application or information is required for consideration by the institution of the student's eligibility for assistance under the Title IV, HEA programs. Refer to following announcement, <http://ifap.ed.gov/eannouncements/031814ApplicationProcessforFederalStudentAid.html>.

Noncompliance: Per the institution, EGSC does not originally offer loans to students but makes them aware that this is an aid option. EGSC did not put loan eligibility on award letters for some students and students must complete additional documents prior to acceptance and/or disbursement of loan funds.

Student #11: Student has no subsidized or unsubsidized loan amounts on award letter. Student has a zero Estimated Family Contribution (EFC).

Student #12: Student has no subsidized or unsubsidized loan amounts on award letter. Student has a zero EFC.

Student #13: Student has no subsidized or unsubsidized loan amounts on award letter. Student has a zero EFC.

Student #16: Student has portion of subsidized loans on award letter but no amount for unsubsidized. Student has a zero EFC.

Student #23: Student has no subsidized or unsubsidized loan amounts on award letter. Student has a zero EFC.

Required Action: EGSC is reminded that students must be informed of all financial aid available to them regardless to what the institution's position is on whether the aid is needed or not. The institution must develop procedures on how to address this issue in the future and forward a copy of those procedures to the Department as part of the response to this finding.

Finding #5. Pell Under Award

Citation: 34 C.F.R. § 690.62, Federal Pell Grant Program, states the amount of a student's Pell Grant for an academic year is based upon the payment and disbursement schedules published by the Secretary for each award year.

Noncompliance: The reviewers identified a student for whom Federal Pell Grant funds were under awarded.

Student #25: The student initially stated on the ISIR that she had a Bachelor's degree. Through internal verification, the school determined that the student did not have a degree and paid Pell funds on the lodger but not through the Common Origination and Disbursement system (COD). The ISIR was not updated to reflect the correct information.

Required Action: EGSC must provide the Department with steps it has taken to resolve this issue. Furthermore, EGSC must provide a copy of its updated procedures to ensure that future students are not under awarded Federal Pell Grant funds.

Any liabilities for this finding will be addressed in the Final Program Review Determination (FPRD) letter.

Finding #6. Verification Violations

Citation: 34 C.F.R. § 668.51 states that an institution shall establish and use written policies and procedures for verifying information contained in a student aid application in accordance with the provisions of this subpart. These policies and procedures must include –

- (1) The time period within which an applicant shall provide the documentation;
- (2) The consequences of an applicant's failure to provide required documentation within the specified time period;
- (3) The method by which the institution notifies an applicant of the results of verification if, as a result of verification, the applicant's EFC changes and results in a change in the applicant's award or loan;
- (4) The procedures the institution requires an applicant to follow to correct application information determined to be in error.

34 C.F.R. § 668.54 states that if an institution has reason to believe that any information on an application used to calculate an EFC is inaccurate, it shall require the applicant to verify the information that it has reason to believe is inaccurate.

34 C.F.R. § 668.55, Updating information, states that an applicant is required to update—The number of family members in the applicant's household and the number of those household members attending postsecondary educational institutions, in accordance with provisions of paragraph (b) of this section; and his or her dependency status in accordance with the provisions of paragraph (d) of this section.

If the number of family members in the applicant's household or the number of those household members attending postsecondary educational institutions changes for a reason other than a change in the applicant's marital status, an applicant who is selected for verification shall update the information contained in his or her application regarding those factors so that the information is correct as of the day the applicant verifies the information.

34 C.F.R. § 668.56(a), Items to be verified, states that an institution shall require an applicant selected for verification under 668.54(a)(2) or (3) to submit acceptable documentation described in 668.57 that will verify or update the following information used to determine the applicant's EFC:

- (1) Adjusted gross income (AGI) for the base year if base year data was used in determining eligibility, or income earned from work, for a non-tax filer.
- (2) U.S. income tax paid for the base year if base year data was used in determining eligibility.
- (3) For an applicant who is a dependent student, the aggregate number of family members in the household or households of the applicant's parents if—
 - (A) The applicant's parent is single, divorced, separated or widowed and the aggregate number of family members is greater than two; or
 - (B) The applicant's parents are married to each other and not separated and the aggregate number of family members is greater than three.

34 C.F.R. § 668.57, Acceptable documentation, states that an institution shall require an applicant selected for verification to verify AGI and U.S. income tax paid by submitting to it, if relevant—

- (1) A copy of the income tax return of the applicant, his or her spouse, and his or her parents. The copy of the return must be signed by the filer of the return or by one of the filers of a joint return;
- (2) For a dependent student, a copy of each Internal Revenue Service (IRS) Form W-2 received by the parent whose income is being taken into account if—
 - (A) The parents file a joint return; and
 - (B) The parents are divorced or separated or one of the parents has died.

Noncompliance: The reviewers found two (2) instances of incomplete verification.

Student #22: The student's ISIR shows parent Adjusted Gross Income (AGI) as \$31,302 for the 2012 tax year. Additional verification documents show the parents as being non-filers with no income.


Student #29: Both the student and the parent listed the amount of tax paid incorrectly. The student listed \$544 which is the amount she actually paid. However, after a refund of \$430.00; the correct amount of taxes paid was \$114. The parent listed taxes paid of \$5,710 which was the amount of her tax refund and was based on Earned Income Credits (EIC). The parent had an adjusted gross income of \$15,121 and the correct amount of taxes paid was \$0.00. Updating the information on the ISIR does not change the student's EFC which remains zero.

Required Action: EGSC must correct the discrepancies and send the Department proof that the errors have been corrected. Should the corrections result in a change in funding for either of the students, the institution will be liable for the difference. The institution must also update its procedures to ensure that this issue will be properly dealt with in the future.

Any liabilities for this finding will be addressed in the Final Program Review Determination (FPRD) letter.

D. Appendices

Appendix A: Student Sample

<u>Student #</u>	<u>Last Name</u>	<u>First Name</u>
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PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

Personally Identifiable Information (PII) being submitted to the Department must be protected. PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth).

PII being submitted electronically or on media (e.g., CD-ROM, floppy disk, DVD) must be encrypted. The data must be submitted in a .zip file encrypted with Advanced Encryption Standard (AES) encryption (256-bit is preferred). The Department uses WinZip. However, files created with other encryption software are also acceptable, provided that they are compatible with WinZip (Version 9.0) and are encrypted with AES encryption. Zipped files using WinZip must be saved as Legacy compression (Zip 2.0 compatible).

The Department must receive an access password to view the encrypted information. The password must be e-mailed separately from the encrypted data. The password must be 12 characters in length and use three of the following: upper case letter, lower case letter, number, special character. A manifest must be included with the e-mail that lists the types of files being sent (a copy of the manifest must be retained by the sender).

Hard copy files and media containing PII must be:

- sent via a shipping method that can be tracked with signature required upon delivery
- double packaged in packaging that is approved by the shipping agent (FedEx, DHL, UPS, USPS)
- labeled with both the "To" and "From" addresses on both the inner and outer packages
- identified by a manifest included in the inner package that lists the types of files in the shipment (a copy of the manifest must be retained by the sender).

PII data cannot be sent via fax.